

Message Text

CONFIDENTIAL

PAGE 01 TANANA 00356 01 OF 03 171523Z
ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-08 COME-00 OMB-01 TRSE-00 FRB-03 AID-05
AGRE-00 ARA-06 NEA-10 /099 W
-----171708 079586 /44

P 171415Z FEB 77
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC PRIORITY 8911
INFO AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 1 OF 3 TANANARIVE 0356

E.O. 11652:GDS
TAGS: PFOR, MA, US
SUBJECT: FINANCE MINISTER PRESENTS INSIGHTS INTO GDRM'S THINKING

1. SUMMARY. CLOSE RELATIONSHIP WITH FINANCE MINISTER HAS PROVIDED SOME USEFUL INSIGHTS INTO GDRM THINKING RE US-MALAGASY RELATIONS. RAZAKABOANA BELIEVES THERE IS MORE RECOGNITION WITHIN GDRM FOR NEED TO CONTINUE BUSINESS WITH WESTERN COUNTRIES, ABOVE ALL THE US. HE SAID THAT PRESIDENT RATSIRAKA HIMSELF IS CLEARLY IN FAVOR OF IMPROVING RELATIONS, DESPITE PRESSURE FROM ANTI-US ELEMENTS IN AND CLOSE TO GDRM. RAZAKABOANA BELIEVES THAT PROGRESS ON OIL COMPANY COMPENSATION WILL NOT BE MADE FOR SOME TIME, BUT ASKS OUR PATIENCE IN VIEW OF FACTORS INVOLVED. OVERALL, HE BELIEVES THAT, DESPITE MARCH TOWARDS SOCIALISM, MADAGASCAR WANTS TO CONTROL ITS OWN DESTINY AND NEEDS BALANCE BETWEEN WESTERN AND COMMUNIST COUNTRIES. END SUMMARY.

2. DURING PAST FEW WEEKS I HAVE HAD SEVERAL ENLIGHTENING CONVERSATIONS WITH GDRM MINISTER OF FINANCE, RAKOTOVAO-RAZAKABOANA, WITH WHOM I HAVE ESTABLISHED CLOSE RELATIONSHIP OVER PAST SIX MONTHS. I TOLD HIM AT OUTSET THAT I WANTED TO UNDERSTAND BETTER INNER WORKINGS OF SUPREME REVOLUTION-
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TANANA 00356 01 OF 03 171523Z

ARY COUNCIL (CSR) AND CABINET IN ORDER TO DETERMINE WHAT ARE PROSPECTS FOR US-GDRM RELATIONS.

3. WESTERN ROLE IN MADAGASCAR. RAZAKABOANA HAS BEEN VERY INFORMATIVE, COMMENCING BY SAYING THAT TRENDS OF THE LAST FEW MONTHS WITHIN THE GDRM HAVE CLARIFIED IN THEIR MINDS THE ROLE THAT WESTERN COUNTRIES CAN PLAY IN MADAGASCAR. HE SAID THAT THERE IS

STILL STRENGTH IN THE GDRM AMONG THOSE ELEMENTS WHICH ARE PRO-SOVIET OR PRO-CHINESE. HOWEVER, ALL MEMBERS OF GOVT ARE NOW FULLY AWARE OF WHAT SOVIETS AND CHINESE CANNOT PROVIDE AND OF HOW CLOSE ENTANGLEMENT WITH EITHER MAY STIFLE MADAGASCAR'S ABILITY TO MAKE ITS OWN DECISIONS.

4. OVERALL US-GDRM RELATIONS. RAZAKABOANA SAID THAT US-GDRM RELATIONS HAVE NEVER BEEN DISCUSSED BY PRESIDENT RATSIRAKA WITH CSR AND CABINET. RATSIRAKA PLAYS MOST IMPORTANT MATTERS CLOSE TO HIS CHEST, PARTICULARLY IN FIELD OF FOREIGN AFFAIRS. HE DIVULGES POSSIBLE FUTURE MOVES BIT BY BIT, AND NEVER IN DETAIL, WHICH KEEPS CSR AND CABINET FROM HOLDING MEANINGFUL DISCUSSIONS OF IMPORTANT SUBJECTS ON WHICH RATSIRAKA HAS ALREADY MADE UP HIS MIND AND DOES NOT WISH TO BE DETERRED. RAZAKABOANA CITED MY MEETINGS WITH SOLOFOSON OVER PAST FOUR MONTHS CONCERNING NASA ISSUE WHICH HAVE NEVER BEEN REPORTED DIRECTLY TO CSR AND CABINET; RATSIRAKA SIMPLY MENTIONS BRIEFLY THAT SOMETHING IS HAPPENING IN THAT AREA BUT DOES NOT INFORM THE OTHERS OF EXTENT OF DISCUSSIONS THUS FAR.

5. ONE THING IS CLEAR, RAZAKABOANA STATED: RATSIRAKA IS CLEARLY IN FAVOR OF IMPROVING US-GDRM RELATIONS. LATTER REALIZES THAT HIS FOREIGN POLICY HAS NO CREDIBILITY UNTIL RELATIONS IMPROVE. THIS IS IMPORTANT TO RATSIRAKA, ACCORDING TO RAZAKABOANA, AS HE HAS BEGUN TO UNDERSTAND THE COMPLEXITIES OF GOVERNMENT BY HAVING TO BALANCE HIS FOREIGN AFFAIRS

CONFIDENTIAL

PAGE 03 TANANA 00356 01 OF 03 171523Z

WITH HIS DOMESTIC PRIORITIES. HE KNOWS THAT THE U.S. CAN OFFER MANY THINGS THAT OTHER COUNTRIES, EVEN WESTERN EUROPEANS, CANNOT. RAZAKABOANA SAID THAT RATSIRAKA'S VIEWS ARE MUCH DEEPER THAN HIS CONCERN FOR BUYING TWO HERCULES AIRCRAFT. HE FEELS ON ONE HAND THAT HIS COUNTRY IS STAGNATING POLITICALLY, SOCIALLY AND ECONOMICALLY, AND THAT DESPITE HIS SINCERE INTEREST IN LEADING THIS COUNTRY TO SOCIALISM, HE DOES NOT WANT TO BARGAIN AWAY ITS FREEDOM OF MANEUVER. RAZAKABOANA STRESSED THAT WE SHOULD NOT MISCONSTRUE RATSIRAKA'S CAUTIOUS APPROACH TO IMPROVING RELATIONS. HE IS UNDER STRONG PRESSURE FROM ANTI-US FORCES IN GDRM, SO HE MUST MITIGATE THEIR STRENGTH BY AVOIDING CONFRONTATION WITH THEM ON ANY ISSUE.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TANANA 00356 02 OF 03 171530Z

ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-08 COME-00 OMB-01 TRSE-00 FRB-03 AID-05
AGRE-00 ARA-06 NEA-10 /099 W
-----171709 079676 /44

P R 171415Z FEB 77

FM AMEMBASSY TANANARIVE

TO SECSTATE WASHDC PRIORITY 8912

INFO AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 2 OF 3 TANANARIVE 0356

6. IMPROVEMENT IN RADIO. REFERRING TO RADIO-TELEVISION
MADAGASCAR (RTM), RAZAKABOANA SAID THAT PRIME MINISTER
RAKOTONIANA AND A LARGE NUMBER OF CSR AND CABINET MEMBERS
HAD CONTINUALLY VOICED DISPLEASURE AT THE POOR
QUALITY OF THE PROGRAMMING AND ESPECIALLY THE NEWS
REPORTING, INCLUDING THE OBVIOUS BIASES. THEY WERE
QUITE VOCAL, HE SAID, WITHIN THE CSR-CABINET
MEETINGS THAT RTM DID NOT COVER OUR JULY 4
BICENTENNIAL NOR THE FRENCH BASTILLE
DAY CEREMONIES. SINCE THAT TIME, HOWEVER, THERE HAS
BEEN IMPROVEMENT IN RTM, ATTRIBUTABLE TO PRESSURE
FROM WITHIN THE CSR AND CABINET FORCING THE MINISTER
OF INFORMATION (A MONIMA SUPPORTER) TO DEVELOP
NEW GUIDELINES. RAZAKABOANA OBSERVED THAT THE AMPLE
COVERAGE THAT THE NEW US ADMINISTRATION HAS BEEN
RECEIVING, BOTH BEFORE AND AFTER JANUARY 20, IS WHAT
SHOULD BE THE NORM, AND THIS IS NOW RECOGNIZED BY THE
MAJORITY OF THE CSR AND CABINET. HE ADDED THAT THE
MALAGASY ARE EXPECTING SOME NEW APPROACHES
FROM NEW US ADMINISTRATION WHICH WILL MADE IT EASIER
FOR GDRM TO RECONCILE ITS DIFFERENCES WITH USG. NO
ONE IN THE GOVERNMENT, ON THE OTHER HAND, INCLUDING
RATSIRAKA, CAN STATE WHAT PRECISE MOVES THEY EXPECT.
CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TANANA 00356 02 OF 03 171530Z

7. OIL COMPANY NATIONALIZATIONS. RAZAKABOANA
STATED THAT ALTHOUGH ESSO OFFICIALS HAD INDICATED THEY

WOULD BE PREPARED TO RETURN IN FEBRUARY, BECAUSE HE HAS NOT YET BEEN ABLE TO DISCUSS CASE WITH HIS STAFF AND HE HAS NOT RECEIVED FROM ESSO ANY REPLY TO STATEMENT OF CHARGES CONCERNING FINE GDRM LEVIED ON THE COMPANY. SIMILARLY, HE HAS NOT HAD ONE WORD FROM CALTEX. HE ALSO SAID THAT IT WOULD BE BETTER IF THE COMPANIES WERE PAIIENT CONCERNING INDEMNIZATION FOR THE NATIONALIZATIONS. FIRST OF ALL, THIS SOCIALIST GOVERNMENT, HE SAID WITH A WRY SMILE, DOES NOT LIKE TERM INDEMNIZATION. NONETHELESS, KEY OFFICIALS RECOGNIZE THAT SOME FORM OF COMPENSATION BY WHATEVER NAME MUST BE CONSIDERED IN ORDER TO MAINTAIN MADAGASCAR'S GOOD NAME AS IT SEEKS NEW INVESTMENTS FROM ABROAD.

8. SECOND, THERE ARE TOO MANY PROJECTED DEMANDS ON MADAGASCAR'S FOREIGN EXCHANGE RESERVES FOR GDRM TO HONOR THEM ALL WITHIN NEXT YEAR OR SO, WHAT WITH ALL OTHER NATIONALIZATIONS, MAJOR PURCHASES AND INVESTMENTS, ETC. HE NOTED THAT THE FRENCH BANKS NATIONALIZED IN JUNE 1975 HAVE BEGUN TO UNDERSTAND THE MALAGASY PROBLEM; HE HAS BEEN ABLE TO RELEASE SMALL AMOUNTS OF THEIR HOLDINGS BY AGREEMENT REACHED WITH THEM LAST MAY IN PARIS, BUT THEY ARE AWARE THAT A LARGER RETURN ON THEIR CLAIMS WILL TAKE SOME TIME. NONETHELESS, HE ADDED, THE FRENCH BANKS ARE WILLING TO GUARANTEE CREDITS TO MADAGASCAR AS IN THE PAST (THESE WERE SUSPENDED FOR A WHILE IN EARLY 1976), BUT IN ACTUAL FACT MADAGASCAR HAS DEPENDED ALMOST EXCLUSIVELY ON US BANKS AND, TO LESSER EXTENT, ON A RELUCTANT MOSCOW NOVOTNY BANK.

9. FOREIGN EXCHANGE RESERVES. RAZAKABOANA WAS PLEASED THAT
CONFIDENTIAL

CONFIDENTIAL

PAGE 03 TANANA 00356 02 OF 03 171530Z

MADAGASCARS FOREIGN EXCHANGE RESERVES HAD RESURGED SIGNIFICANTLY, IMPLYING AT A RATE HIGHER THAN ANTICIPATED. HE IS CONCERNED THAT RECENT NATIONALIZATION OF COFFEE LAND, AND OTHER NATIONALIZATIONS PAST AND FUTURE, WILL REDUCE EFFICIENCY AND EXPORT INCOME. ON OTHER HAND, RAZAKABOANA BELIEVES THERE IS LIMIT TO HOW MUCH GDRM CAN NATIONALIZE BECUASE OF LIMITED TECHNICAL AND SUPERVISORY TALENT IN MADAGASCAR.

CONFIDENTIAL

NNN

CONFIDENTIAL

PAGE 01 TANANA 00356 03 OF 03 171535Z
ACTION AF-08

INFO OCT-01 EUR-12 ISO-00 CIAE-00 DODE-00 PM-04 H-01
INR-07 L-03 NSAE-00 NSC-05 PA-01 PRS-01 SP-02 SS-15
USIA-06 EB-08 COME-00 OMB-01 TRSE-00 FRB-03 AID-05
AGRE-00 ARA-06 NEA-10 /099 W
-----171707 079757 /44

P R 171415Z FEB 77
FM AMEMBASSY TANANARIVE
TO SECSTATE WASHDC PRIORITY 8913
INFO AMEMBASSY PARIS

C O N F I D E N T I A L SECTION 3 OF 3 TANANARIVE 0356

10. FERTILIZER PLANT. ONE OF COUNTRY'S HIGHEST PRIORITIES IS FERTILIZER PLANT ON WHICH GDRM AND N-REN HAVE BEEN NEGOTIATING FOR THREE WEEKS. FERTILIZER PLANT, HE SAID, INDICATES THAT GDRM IS DETERMINING ITS NEEDS, AND INDIVIDUAL CONTRACTS WITH INTERESTED FIRMS ARE ON FAVORABLE TERMS TO THE LATTER (HE CLAIMS) DESPITE OUTDATED INVESTMENT CODE WHICH DOES NOT ENCOURAGE INVESTMENT.

11. HERCULES AIRCRAFT. AT ONE POINT RAZAKABOANA MADE REFERENCE T DRAIN ON MALAGASY RESERVES OF THE PENDING PURCHASE OF TWO HERCULES. HE CLAIMED THAT OTHER MALAGASY OFFICIALS HAVE IGNORED FACT THAT THERE MUST BE ANNUAL PAYMENTS FOR THE AIRCRAFT AND HAVE ALSO IGNORED THE HIGH COST OF MAINTENANCE. HE ALSO IS CRITICAL THAT THERE HAS YET BEEN NO PLAN PRESENTED FOR UTILIZATON OF THE AIRCRAFT.

12. CUBANS AND LIBYANS. ASKED ABOUT CURRENT PRESENCE OF CUBAN AND LIBYAN DELEGATIONS, RAZAKABOANA SAID THE CUBANS ARE HERE FOR IDEOLOGICAL CAMARADERIE AND THE LIBYANS ARE HERE TO SIGN A NEW AGREEMENT WHICH WILL, IN PRINCIPLE, CONFIDENTIAL

CONFIDENTIAL

PAGE 02 TANANA 00356 03 OF 03 171535Z

PROVIDE FOREIGN AID BUT IN ACTUAL FACT WILL PRODUCE NOTHING FROM THOSE "STINGY ARABS."

13. COMMENT: RAZAKABOANA IS NOTED FOR BEING A MARKET ECONOMICST, BUT HE HAS ADAPTED HIMSELF TO THE SOCIALIST DESIRES OF HIS PRESIDENT. DESPITE ANTI-

RAZAKABOANA GRAFFITI AND BAD MOUTHING, RATSIRAKA
APPEARS TO HAVE GREAT CONFIDENCE IN HIM EVEN THOUGH
THEY ARE FAR FROM BOSOM BUDDIES. RAZAKABOANA, IN MY
VIEW, IS AN ASTUTE OBSERVER ON THE POLITICAL
SCENE, IN WHICH HE DOES NOT MEDDLE, AND THEREFORE HIS
OBSERVATIONS ON WHAT IS IN THE CARDS FOR US-MALAGASY
RELATIONS SHOULD BE TAKEN IN ALL SERIOUSNESS. ONE
MIGHT WONDER IF HE IS BEING MISLED BY SUPERFICIAL
ATTITUDE TOWARD US ON RATSIRAKA'S PART, HOWEVER, THERE ARE TOOMANY
INDICATORS AT THE PRESENT TIME THAT GDRM OFFICIALS
ARE STUDIOUSLY AVOIDING ANY ACTION WHICH MAY
JEOPARDIZE A SOLID AND LONG-TERM IMPROVEMENT IN
RELATIONS WITH US.SHEINBAUM

CONFIDENTIAL

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: REPORTS, PERSONAL OPINION, FOREIGN RELATIONS, SPHERE OF INFLUENCE, NATIONALIZATION, PETROLEUM INDUSTRY, DIPLOMATIC DISCUSSIONS, RADIO BROADCASTING, FOREIGN EXCHANGE HOLDINGS
Control Number: n/a
Copy: SINGLE
Sent Date: 17-Feb-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977TANANA00356
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Expiration:
Film Number: D770057-0292
Format: TEL
From: TANANARIVE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770229/aaaabaft.tel
Line Count: 291
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: dcaeffc4-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 6
Previous Channel Indicators: n/a
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 16-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 3287961
Secure: OPEN
Status: NATIVE
Subject: FINANCE MINISTER PRESENTS INSIGHTS INTO GDRM'S THINKING
TAGS: PFOR, MA, US, (RAZAKABOANA, RAKOTOVAO)
To: STATE
Type: TE
vdkgvwkey: odbc://SAS/SAS.dbo.SAS_Docs/dcaeffc4-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009